

SPEECH ON THE BUDGET

BY THE

HON. F. LANGELIER,

TREASURER OF THE PROVINCE OF QUEBEC

DELIVERED IN THE

LEGISLATIVE ASSEMBLY, QUEBEC,

22ND JULY, 1879.

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1879.

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The EDITH *and* LORNE PIERCE
COLLECTION *of* CANADIANA



Queen's University at Kingston

PROVINCIAL LEGISLATURE.

Fourth Parliament—Second Session.

LEGISLATIVE ASSEMBLY.

QUEBEC, 22nd July, 1879.

The House met at 3 p.m.

After routine, and the introduction of a number of Bills,

Hon. F. LANGELIER presented a message from the Lieutenant-Governor transmitting the Estimates for the current year, which was read, the members standing.

THE BUDGET SPEECH.

Hon. Mr. LANGELIER said, on rising to move that the Speaker do leave the chair and that the House do form itself into Committee of Supply, it was his duty, in accordance with the custom to inform the House of the financial position of the Province, to give to them on account of the financial operations, the figures of which they had in their hands, and to make known to them the expenditure the Government asked the authority of the House to make, and the manner in which they intend to provide the means. That task was comparatively easy before the Province entered into the course of extraordinary expenditures by engaging itself in undertaking to build at its own expense a great network of railroads, and by promising subsidies to another network still more considerable. The Treasurer had hitherto only to make known that there was certain expenses always the same as to their nature, though increas-

ing in amount and revenues more than sufficient to meet them, and increasing from one year to another. To-day he found himself in the presence of very great difficulties, of which some were personally his own, but others referred to a state of things for which neither he nor the present Government were responsible. Owing to the death of his lamented predecessor he found himself called to the head of the Treasury Department without being previously prepared for it by years of patient study and experience in the financial affairs of the Province, and without being able to profit by the complete and precise information he would have been able to furnish him. But one difficulty he met with and which any one else must also have encountered this year, but which never previously occurred in this Province, lay in the fact that he was obliged to render an account of two fiscal years, the last year of their predecessors and the first of the present Government. If that constituted an additional difficulty and imposed double work upon him it was an undoubted advantage to the House, because they had an opportunity of comparing at a glance and without much trouble the two administrations and the two systems upon which the electors had to pronounce on 1st May, 1878. Were the electors right in condemning the preceding administration and voting that the affairs of the Province be left in the hands of those to whom the Lieutenant-Governor had confided them on the 8th March, 1878 ; That was the question on which he hoped every member would be able to pronounce when he had finished his remarks. In the first place he would make known the operations of the fiscal year ended 30th June, 1878 ; then that of the year expiring 30th June, 1879 ; then he would explain the expenses the Government expected to meet during the year commencing 1st July instant, and the manner in which they proposed to meet them ; lastly he would make known the engagements of the Province and the manner in which they proposed to meet them.

RAILWAY EXPENDITURE.

To be perfectly understood he would put on one side all the expenses entered into to pay for the works on the North Shore Railroads, and the subsidies to the South Shore roads, which he would deal with separately, beginning with the year 1877-78. By referring to pages 7 and 8 of the Public Accounts, which have been in the hands of the members for the past fortnight, it will be seen that the receipts were.....\$2,026,324 19
and the payments..... 2,711,827 43
leaving a deficit of..... \$685,503 24

Those figures show the receipts and payments. In order to know what has been the expenditure they must refer to the Public Accounts and find out for each account, in which fiscal year the expenditure has been made, as by the law which regulates the Public Accounts only those payments made that year can be entered in them without regard to the date of the item so paid. The result of the last fiscal year of the late Government was a deficit of \$685,503.24.

But it will be said, no doubt, that their predecessors ought not to be held responsible for the whole of the expenditure of that year when they ceased to administer the affairs of the Province on the 8th March, four months before the end of that year. It must be admitted, however, that they are certainly responsible for the first eight months, then the statement of accounts on the 18th December, nearly six months after the commencement shows :—

Receipts.....	\$ 803,350.94
Payments	1,413,930.03
Deficit.....	\$610,379.09

When that statement was laid before the House the honorable member for Pontiac pretended that it did not give a true idea of the position of the Province because

there were certain expenses, such as those for colonization roads, charitable institutions, &c., which did not occur again in the other six months, and which ought to be set against certain receipts of the last six months, such as the subsidy of the Province. That was true, but he should have added also that it would be necessary to pay during these last six months expenses which would not only balance but would exceed the receipts; such as the expenses for interest and sinking fund payable the 1st May, six months' grant to the common schools, to lunatic asylums and reformatories, and the work to be done on public buildings, &c. This was so much the case that on the 1st May, 1878, the receipts were.....\$1,752,400.97 and expenditure..... 2,510,469.48

leaving a deficit of..... \$758,068.51

It could not be pretended that this Government was responsible for this enormous deficit, because at the date on which it existed the present administration had only paid the trifle of \$7,660.79 for the elections of May, 1878, that is to say, for an expense for which it could be held responsible; all the rest had been paid to meet obligations to which we were completely strangers.

In fact if the House would examine statement No. 2, submitted last year by his predecessor, pages 13 and 15 of the pamphlet containing the various statements, it would see that from the 8th March, 1878, a good number of appropriations were already exhausted.

Of all the expenses paid before the 1st July, 1878, the only ones for which the present administration could be held responsible were the following :

Expenditure caused on account of the generalelections of the 1st May, 1878.	\$ 28,219.73
Cost of the second session of the sum- mer.....	11,874.37
	<hr/>
	\$ 40,094.10

If this sum was deducted from the
deficit of.....\$685,503.24

There would still remain\$645,409.14

as the amount of the deficit which would have existed if the preceding administration had remained in power. It would not be without interest to compare this result with that which the honorable member for Pontiac considered himself warranted in promising the House in his Budget of 31st December, 1876. He then estimated the receipts at.....\$2,561,779.12 and the expenditure..... 2,322,026.00

thus promising a surplus of..... \$ 39,753.12

The honorable gentleman, therefore, was out in his calculation by \$685,162.26. He did not charge it as a crime on the part of the honorable member that he committed such an enormous error. But it warrants me in telling him and his friends that if my regretted colleague was deceived in his forecast, neither the member for Pontiac nor the other side of the House can reproach him for it. The Honorable Mr. Bachand had only been a short time in office, a large portion of which was absorbed in the elections and preparations for the session, and consequently he was obliged to take, without detailed enquiry, the information which his predecessor had given. On the other hand, the honorable member for Pontiac, having been over two years in the Government when he made his budget, had all the time necessary to make himself thoroughly acquainted with the resources and obligations of the Province and to know the precise receipts and expenditure of the following year. No doubt the honorable members were curious to know on what precise points this error, almost incredible, was committed in the estimates for the fiscal year 1877-78. He (Mr. Langelier) must say it was made in regard both to the receipts and expenditure. It would be too minute to go

into all the details, and he would therefore indicate only the principal items.

RECEIPTS.

Crown Lands estimated.....	\$577,313.00
Actual receipts....	409,806.00
Error.....	<u>\$167,507.00</u>
Stamps estimated.....	\$218,000.00
Actual receipts.....	204,205.00
Error.....	<u>\$ 13,795.00</u>
Municipal Loan Fund estimated.....	\$ 40,000.00
Actual receipts.....	00,000.00
Error.....	<u>\$ 40,000.00</u>
Licenses estimated.....	\$275,000.00
Actual receipts	202,707.00
Error.....	<u>\$ 72,293.00</u>
On these four items alone there was therefore an error in the estimates of.....	<u>\$293,595.00</u>

EXPENSES.

Legislation estimated.....	\$167,200.00
Actual expenditure.....	218,587.00
Error.....	<u>\$51,387.00</u>

In order to be just he must acknowledge that as to the \$40,094 expenses of the elections in May, 1878, and of the June session that year, that the honorable member for Pontiac could not foresee them, but allowing for that, there still remained an error of over \$11,000.00 on that item of

legislation alone in under-estimating its cost, though it was an item, nevertheless, which could be determined in advance with precision.

Civil Government estimated.....	\$163,000.00
Actual expenditure.....	175,708.00
Error.....	<u>\$ 12,708.00</u>
Administration of Justice estimated...	\$414,370.00
Actual expenditure.....	422,624.00
Error.....	<u>\$ 8,264.00</u>
Reformatories estimated	\$ 50,000.00
Actual expenditure.....	74,560.00
Error.....	<u>\$ 24,560.00</u>
Public Instruction estimated.....	\$358,810.00
Actual expenditure.....	376,261.00
Error.....	<u>\$ 17,451.00</u>
Public buildings estimated.....	\$100,000.00
Expended.....	127,000.00
Error.....	<u>\$ 27,000.00</u>

On these three items of expenditure, there was therefore an error of \$96,000.00 in under-estimating the expenditure. In other words, in the four items of receipts and the three items of expenditure which he had mentioned the then member for Pontiac had made a mistake of \$389,595, *i. e.* almost \$400,000.00.

So much for the receipts and expenditure of the Consolidated Fund. For railroads there has been paid out during the same year, both for works on the Northern roads and for subsidies to the Southern roads, \$2,610,594.82.

THE PAST YEAR.

He would now hasten to come to the year that has just closed and for which the present Government is responsible. It had been said in the Opposition press that he had purposely delayed placing before the public the statement he had to make of the past fiscal year, because he feared the bad effect which it might have on the Vercheres election. The following correspondence which he had exchanged with the Auditor of the Province would show upon what foundations of truth reposed the assertions of the Conservative press. It would be remembered that a few days ago he had read to the House an extract from the Parliamentary correspondence of *La Minerve*. As the correspondent pretended having gone through the whole of the Treasury Department and to have obtained therein information which enabled him to contradict him in what he had asserted in the House, he had communicated with Mr. Drolet. The following letter from this gentlemen did not need commenting upon.

QUEBEC, 16th July, 1879.

Hon. F. LANGEЛИER,

Treasurer of the Province of Quebec.

SIR,—I have the honor to acknowledge the receipt of the following letter, which you sent me yesterday :

GASPARD DROLET,

Auditor of the Province,

MY DEAR MR. DROLET,—I enclose to you an extract from the Parliamentary correspondence of *La Minerve*. As it is your duty to prepare the Public Accounts and the statements of receipts and expenditure to be submitted to the Houses, please do me the favor of replying to the following questions :

1. Is it true that at the time to which the said correspondence refers, *i. e.*, the middle of last week, nothing was being prepared for the House in the Department ?

2. Is it true that towards the same date, *there was not a single extra clerk, or copying-clerk, and that not one of the old employees was engaged in preparing the Accounts ?*

3. Is it true that the correspondent of *La Minerve* made a tour of the Department to see what was taking place in it ?

4. Is it true that the Government is not desirous of submitting the Accounts ?

5. Is it not true that two weeks before the opening of the session, I gave orders to prepare a statement of the receipts and of the expenditure ?

6. Is it possible to give at the present time a more complete statement of the public accounts than the one which I am causing to be prepared ?

7. How much time would it require, using the utmost possible expedition, to prepare and cause to be printed the public accounts for the past fiscal year in the ordinary form ?

Yours truly,

F. LANGELIER,

Treasurer, P. of Q.

and to answer :

1. At the date referred to in the correspondence, *i. e.* the middle of last week, the statement of the receipts and expenditure of the fiscal year ending 30th June last was in course of preparation.

2. At the date mentioned, there were in the Department two supernumerary clerks. I was myself actively engaged in preparing the statement above-mentioned.

3. I am not aware that any correspondent of *La Minerve* made a tour of the Department to see what was going on or for any other reason.

4. You have ever shown me the desire you had of submitting the accounts, and I have no reason to believe that the Government ever had the intention of withholding them.

5. About two weeks before the opening of the session you gave orders to have a statement of the receipts and expenditure prepared.

6. It is impossible to give at present a more detailed statement of the Public Accounts than the one which you have caused to be prepared.

7. We have not yet received and will not receive for several weeks to come, from the different offices at the seat of Government and from the outside offices, the necessary returns to prepare the Public Accounts of the past fiscal year in the ordinary form. According to the last act to provide for the better rendering of the Public Accounts of the Dominion, the Minister of Finance is only to submit the accounts to the House of Commons on or before the 31st day of January following the end of the fiscal year if the Parliament is then in session, and if it is not, then a week after the Meeting of Parliament.

I have the honor to be, Sir,

Your obedient Servant,

GASPARD DROLET,

Auditor for the Province.

The House will now see whether he had deceived it, and it could at the same time stigmatize the conduct of the correspondent of *La Minerve* as he well deserved it. No, he had never had the intention of refusing to the House the accounts for the past fiscal year, and he had no interest either in keeping them back.

FULFILLED PROMISES.

He would have wished on the contrary to have been able to place them before the intelligent electors of Verchères ;

for he was sure they would have helped to swell the majority, already a respectable one, of his honorable friend whose arrival they had welcomed yesterday with acclamation. It is in fact sufficient to cast an eye on them to find the proof that the present administration has fulfilled the programme which it had caused to be read on the very day when its members were sworn in. It would be remembered that the preceding administration had declared that it could not meet the expenses of the Province without imposing taxes amounting to \$200,000.00. And even with these \$200,000.00 of taxes, the estimates of the receipts and expenditure of the honorable member for Pontiac, in his financial statement of 31st January, 1878, foreshadowed a deficit of \$15,652.00 for the year which has just closed. Unless they, the present Ministry, accused the honorable member of ignorance with regard to the position of the Province or of having knowingly deceived the House, they must have necessarily thought that these \$200,000.00 alone were wanting to re-establish the equilibrium between the receipts and the expenditure of the Province. And they had promised to renounce these taxes and to supplant them by economies sufficient to fill their place. Had they realized these economies? The accounts which the honorable members held in their hands were a triumphant answer to this question. Leaving aside for the time being, the right being reserved to recur to the point, the expenses in connection with the public debt and the railways, expenses which neither the present Government nor its predecessors could control in any perceptible manner, the following result was reached :

To administer the affairs of the Province during the last year they were in power, the predecessors of the present Government had spent.....	\$2,229,165.51
The present Government had spent for the same purposes.....	1,958,243.56
Economized by the present administration.....	\$ 270,921.95

He did not, moreover, hesitate in saying that were it not for the irreparable loss they had met with in the person of Mr. Bachand, whom death had called away as he was about to put into execution the policy the details whereof he had been maturing for years past, they might have realized an additional economy of at least \$50,000.00.

The receipts for the past year, excepting those from the railroads,	
amounted to.....	\$2,604,554.06
And Government expenses proper...	1,958,243.56
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Leaving a surplus of.....	\$ 646,310.50

It was useless to give the details of these receipts. They were to be found in the first statement in the hands of the honorable members. With the exception of one item to which he would have occasion to refer, these receipts did not call for any explanation. It was sufficient to read their enumeration to see that they were not within the control of the Government. But it would not be uninteresting to look over the principal items, out of which have been economized the \$270,000.00 spoken of a while ago.

ECONOMY.

Legislative Council.

Year 1877-78.....	\$49,600.00
Year 1878-79.....	33,808.25
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Economy	\$15,791.75

Legislative Assembly.

Year 1877-78....	\$128,490.00
Year 1878-79.....	93,859.87
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Economy	\$34,630.13

Civil Administration.

Year 1877-78.....	\$175,708.21
Year 1878-79.....	156,443.39

Economy.....	\$19,264.82
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Administration of Justice, including District Magistrates.

Year 1877-78.....	\$422,624.77
Year 1878-79.....	399,790.00

Economy.....	\$22,834.77
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Police.

Year 1877-78.....	\$38,457.16
Year 1878-79.....	14,450.26

Economy.....	\$24,006.90
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Works and public buildings chargeable to the Revenue.

Year 1877-78.....	\$88,677.48
Year 1878-79.....	53,530.65

Economy.....	\$35,146.83
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So much for expenses of administration proper. If from this they now passed to the expenses connected with the railroads, they would find that during the past fiscal year there had been paid for interest, sinking and expenses incidental to the public debt, the enormous sum of \$728,221.43. There had been expended, moreover, for the working of the railroad from Montreal to Ottawa \$141,979.27, making the total current expenditure... \$870,200.70 It was true that from this amount had to be

deducted the receipts of our railroad.....	172,921.96
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Leaving a deficit of.....	\$697,288.74
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If they took together the receipts and current expenditure as well of the railroads and of the ordinary administration they would find the following result :

Ordinary expenditure.....	\$1,958,243.56
Railway expenses.....	870,200.70
Total.....	<u>\$2,828,444.26</u>
Ordinary receipts.....	\$2,604,554.06
Railway receipts.....	180,281.56
Total.....	<u>\$2,784,835.62</u>
Leaving a deficit of.....	<u>\$43,608.64</u>

on all the operations of the year.

But it would be said to him that out of the \$2,604,554.06 of the receipts of the Consolidated Fund, there were \$500,000.00 drawn from the Federal Government on account of a claim. Were he desirous of following the system of his predecessors, he would have the perfect right of considering this sum as part of the revenue for the year. It constitutes a revenue quite as well as the payments made on account of the Crown Lands, which amount to more than \$700,000.00 since 1867 ; quite as well as the bonuses on the cutting of timber to the amount of several hundreds of thousands of dollars ; quite as well as the duties on timber-cutting, amounting to a couple of millions ; quite as well as the price of sale of the Reformatory of St. Vincent de Paul to the Dominion Government amounting to more than \$100,000.00 ; quite as well as the insurance on the Court House of Quebec amounting to \$40,000.00, and a large number of other receipts of this kind amounting to several hundreds of thousands of dollars. And the proof that the honorable member for Pontiac was not desirous of departing from the custom of his predecessors, is that he (the speaker) saw amongst his estimate of receipts for the year which had just opened \$108,000.00 to come from the municipal

loan fund, and he did not say a word in his statement to indicate that he did not consider that amount as an ordinary source of revenue, at a time when he, nevertheless, took the precaution of enumerating all the expenses chargeable to capital account, among which expenses he went so far as to include the construction of safety vaults for a few Court Houses.

But the speaker would admit that these \$500,000.00 were not an ordinary item of revenue. On the other hand, it would also be admitted that the expenses in connection with the public debt were not ordinary ones, the greater part being for money employed in the construction of the Northern railroads which are not yet terminated ; he had therefore the right to charge them to capital account, and then the position was still more advantageous. There is, moreover, another reason for which our adversaries have not the right to object to our making use of these \$500,000.00 this year. Mr. Bachand took the estimates of receipts of the member for Pontiac as being correct, and he could not do otherwise. Now in those estimates there are \$300,000.00 reckoned in excess. On the other hand, there was another error of \$240,000.00 in the estimates of the member for Pontiac concerning the public debt, *i. e.*, relatively to an item about which he was considered as not having been mistaken, and on which no saving was to be effected. Therefore, in assuming as correct on these points, as Mr. Bachand had to do, the estimates of the honorable member for Pontiac, the present Government succeeded, even without those \$500,000.00, to bring about an equilibrium, within \$3,000.00 between the receipts and expenditure of the year, including even the load imposed on the public debt caused by the railways.

Before quitting this part of his subject, he would make two more observations. Had the Government held its promises with regard to the expenses of administration ? There was a simple way of making sure of this. It would

be remembered that during the debate on last year's budget, they had several times declared that they were desirous of reducing the ordinary expenditures to the figure they amounted to in 1874, and they had said that they thought they would be able to promise this result.

The expenses for 1874 had reached...	\$1,952,168.00
This year's expenses.....	1,958,243.00
Difference in favor of 1874.....	6,075.00

Or in other words, they had kept in the appointed limits but for the amount of \$6,000.00.

But it was not without interest to ask ourselves what would have been the result of the past fiscal year had the gentlemen on the other side of the House remained in office. It would be rendering them more than justice to suppose that they would not, in the expenses of administration, have exceeded the amount of their last fiscal year. For during the ten years that they have been in power, they have continually increased the ordinary expenses. From \$1,188,000.00 to which they amounted in 1868, they had brought them to \$2,229,000.00 in 1878, making an increase of \$1,041,000.00, *i. e.* of more than \$100,000.00 per annum. And it has to be remarked that in his statement of January, 1878, the honorable member for Pontiac did not speak of reducing the expenses; he was desirous of meeting them by imposing taxes to the amount of \$200,000.00. The expenditure would have therefore been as follows :—

Administration expenses.....	\$2,229,000.00
Expenses in connection with the public debt.....	728,000.00
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	\$2,957,000.00

The receipts would have been as follows :—

Ordinary receipts.....	\$2,104,000.00
Taxes.....	200,000.00
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	\$2,304,000.00

To resume :

Total expenditure.....	\$2,957,000.00
Total receipts.....	2,304,000.00
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	\$653,000.00

As will be seen therefrom, these gentlemen with \$200,000.00 of taxes would have terminated the fiscal year with a deficit of nearly \$700,000.00. He would not speak of the \$500,000.00 received from the Federal Government; for those gentlemen, having blamed the Government for an act of mal-administration in drawing this amount which did not bear interest, would not have touched it. He would not either speak of the receipts and expenditure incidental to the working of the railway from Montreal to Ottawa. For these gentleman, having made it a crime for the Government to have taken possession of this road, would no doubt have allowed Mr. Macdonald to pocket the \$41,000.00 of net revenue which the Government had drawn from it. To sum up, whilst the present Government's Budget showed an insignificant deficit of \$43,000.00, its predecessors would have had to confess to a deficit of \$700,000.00 notwithstanding their \$200,000.00 of new taxes.

THE THREE MILLION LOAN.

To conclude what he had to say about the past fiscal year, he would add a few words about the \$3,000,000.00 loan contracted in February. It had been pretended that in making this loan, they had violated a promise made by the speaker's predecessor in his financial statement. He had this statement in his hand and no such promise was therein to be found. Here were the words of Mr. Bachand :—

“ It is the intention of the Government to make an effort to avoid making a new loan; but it will be a difficult thing, *and I do not guarantee that this effort will succeed.*” We found it impossible, as indeed Mr. Bachand had expressed

the fear it would be. This loan of \$3,000,000.00 formed part of the amounts considered necessary to complete the works of the Government railroads. In order to be convinced thereof, one has but to read the last report of the Commissioners, (Documents of the 1st session of 1878, No, 11, p. 15.) Moreover, it must not be forgotten that the honorable member for Pontiac had already borrowed \$500,000.00 on account of these three millions, and had secured for himself another loan for half a million by the same treaty. Moreover, he had promised the Bank of Montreal the negotiation of the loan. To utilize the resources spoken of by Mr. Bachand, it would have taken him considerable time and the strength which sickness deprived him of. On the other hand, the works were progressing with an extraordinary rapidity. The honorable Premier was desirous of opening communications between Quebec and Montreal as rapidly as possible. He consequently pushed on the works with a rapidity unknown until then. One can judge of this when it is said that work was accomplished for the amount of two millions. Let it be added moreover that during that same time the Southern railways were getting subsidies amounting to over \$400,000.00. It will thus be understood that such large payments having to be made within a few months, it was necessary to have recourse to a loan. Previous to the session \$500,000.00 were borrowed of the Bank of Montreal. A few days after the session another temporary loan of \$500,000.00 was negotiated with the Montreal Savings' Bank. To be brief, by the month of February a sum of more than \$2,000,000.00 had been thus borrowed. It had to be reimbursed and the works on the railway had to be paid. The Government took advantage of a moment of monetary plethora on the New York market to place out the loan for \$3,000,000.00, The result was a most fortunate one. The bonds were sold at $95\frac{1}{2}$, *i. e.*, $\frac{1}{2}$ per cent, better than the 1874 loan. Moreover, the Bank of Montreal, which took the bonds at this figure on behalf of the syndicate which it had formed, aban-

doned its claim to the commission to which it was entitled for negotiating the loan by virtue of the treaty entered into with it by the honorable member for Pontiac. Reckoning this commission at 1 per cent, this brings the rate of the loan to $96\frac{1}{8}$, or $1\frac{1}{8}$ per cent. better than the rate realized in 1874 by the honorable member for Sherbrooke, at a time when we were not yet owing anything and when we still had more than a million in hand, whilst at the time of the last loan, the Province had a deficit of \$685,000.00 and was under engagements to the amount of more than thirteen millions.

One would, no doubt, come and quote the loan contracted in 1876 by the honorable member for Pontiac and which was brought out at par. But the speaker would not be telling anybody anything new if he told them that this loan had never been considered a serious financial operation. It is moreover a well-known fact that the Merchants' Bank lost a quarter of a million over it. For what reason did it take the bonds of the Province at so high a rate? The serious embarrassment in which it found itself, added to the fact that the instalments on the loan were extended over several months, whilst the bonds were delivered at once, might cause people to expect that the bank, desirous of getting for itself valuable securities which could be realized immediately, did not fear courting a loss of \$250,000.00. So much the worse for the shareholders of the bank, and so much the better for the Province.

He would now come to the fiscal year begun on the 1st instant.

The receipts will be as follows:—

Dominion of Canada.....	\$1,529,712.12
Ontario.....	35,000.00
Crown Lands	470,000.00
Stamps	200,000.00
Licenses.....	200,000.00

Fees of officers of justice outside of Stamps.....	\$10,000.00
Building and Jury Fund.....	40,000.00
Justice (Revenue).....	2,000.00
Court House, Montreal.....	4,800.00
Quebec Fire Loan.....	10,000.00
Registration Service.....	1,210.00
Fines and penalties (Administration of Justice).....	200.00
Fines in connection with Licenses..	2,000.00
Legislation.....	500.00
<i>Official Gazette</i>	33,200.00
Works and Public Buildings, Revenue.....	1,052.50
Casual Revenue.....	1,200.00
Municipal Loan Fund.....	200,000.00
Railways.....	200,000.00
Interest..	20,000.00
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	\$2,965,874.62

SOME EXPLANATIONS.

It would be well, he thought, to give a few explanations concerning the principal items of receipts.

In the first place, with regard to the \$1,530,000.00 which they reckoned upon receiving from the Dominion, this is what the amount was composed of :

Subsidies and Special Funds..\$1,014,712.00

This is the amount which has always been received since 1874, *i. e.*, since the putting into force of the Statute of 1873, by which the Dominion assumed the excess of the debt of Quebec and Ontario. There are \$500,000.00 which they calculated to draw on account of the \$1,340,000.00, which have already been made mention of in this House. If the honorable members would just cast their eyes over this account, they would see that it was composed of credit

balances withheld from 1867 to 1874 on our subsidy and of amounts received for us by the Dominion. The debtor side is composed of payments which the Dominion pretends having made on our behalf. Several of these payments offer cause for contestation and shall be contested at the time of the final settlement of accounts which is to take place between the Province and the Dominion in the course of this year. One will observe that these \$500,000.00 are not all which is due to the Province under this head ; but it is the amount which it is expected will be received this year. Lastly there are included in the \$1,530,000.00 of the Dominion \$15,000.00 for interest on the amounts collected by Ontario since 1867 from the Common School fund. The Province's share of these collections amounted to more than \$300,000.00 according to the Treasurer for Ontario himself. According to the award of the arbitrators, Ontario had to pay the whole unto the Dominion, which then paid this Province the interest thereon. This decision of the arbitrators was, to say the least, singular, for the Common School Funds do not form part of the assets which they had to divide. But whether Ontario pays the Province this amount in a direct way or pays it to the Dominion the Province still receives interest on it.

The amount of \$35,000.00 which they reckoned to receive from Ontario was for accumulated interest on these \$300,000.00. They had already this year received \$25,000.00 on account of this interest, but he thought the total amount must be at least \$60,000.00. The amount collected since 1867, *i. e.* during about 10 years, exceeds \$300,000.00, which makes an average of \$10,000.00 per annum. The amount of \$60,000.00, for all this interest, seemed consequently to him to be rather under the real amount than in excess of it. He was unable to give the exact amount for they had not yet received from Ontario the complete account of the receipts of the Common School Fund for every six months, to enable them to calculate for every six months the interest on the balance to their credit.

With regard to the Crown Lands, the amount is estimated at \$50,000.00 in excess of last year. He hardly reckoned on an increase of the revenue from the forests. The lumber trade in England and the United States seemed to be improving considerably. The stocks which had been accumulating in the principal ports of England, and which had caused lumber merchants to curtail their production are running out. But he feared that the new fiscal policy of the Dominion, by preventing foreign countries from selling us their products as formerly, would prevent them thereby buying our wood. But he reckoned on an increase in the collections of arrears on the lands. Under this head more than half a million was due the Province. They should collect at least \$50,000.00 more than last year from this source. It would not do to accustom debtors to the Crown to the idea that they would never have to pay. He could understand that during the first five or six years of their settling, settlers could not pay their dues, and he believed that it would be beneficial to adopt, as a rule, the giving them five years time before asking them to pay anything. But settlers who have been 10, 15 and 20 years on their land, must be in a position to pay for them, when especially one takes into consideration the low, nay, even ridiculous figures at which they are sold to them.

With regard to the stamps and licenses the amount barely exceeds last year's collections, and he hoped that these collections would be larger this year; on the licenses, on account of the changes about to be introduced in the License Law; on the stamps by reason of the active surveillance to be exercised by the inspectors of stamp offices.

He had put down \$200,000 00 as to be collected from the Municipal Loan Fund. They proposed to settle this fund during the course of the year, and as it comprised more than two millions of capital alone, it was probable that they would collect more than the estimated amount. With regard to the Government railways, he might have put

down the receipts at more than \$200,000.00, for they could get \$225,000.00 for rental, when the Hull bridge would be completed, *i. e.* in December. But as there might be some delay in the productive working of the road, he would only value the receipts at \$200,000.00, *i. e.* without reckoning the Hull bridge.

The only other item calling forth any remarks was the one representing the Quebec Fire Loan. The House knows that the question of this loan was finally settled by granting certain burnt out people a complete cancellation of their indebtedness, to others a reduction of 80 per cent, and others a reduction of 40 per cent. No remission is granted to purchasers of properties hypothecated for debentures of the loan, except when they considered it impossible to collect the amount due. The amount of the loan being settled, they proposed to cause the balance due on the loan to be collected during the course of the year. They might therefore depend on a collection of at least \$10,000.00.

NEXT YEAR'S EXPENDITURE.

He would now pass on to the expenditure for next year. The first and the largest item was the one relating to the public debt, \$683,181.78. This is an enormous amount, but it does not lie within the power of the Government to reduce it. It will be observed that it is \$45,000.00 less than last year. This was in the first place due to the fact that they paid during the course of last year a part of the sinking fund which ought to have been paid the previous year ; then the interest had been reduced to 5 per cent from the 7 per cent which were being paid on the temporary loans contracted by the honorable member for Pontiac.

He estimated the expenses of the Legislative Council at \$34,000.00. This was \$1,000.00 more than last year and he hoped that the appropriation will not all be spent.

He estimated the expenses of the Legislative Assembly at \$95,000.00. This was \$1,200.00 more than last year, because the present session was going to be longer and more expensive than the preceding one.

The salaries and contingent expenses of the departments were estimated at \$151,965.00. There was much less than last year for contingencies and much more for salaries. He explained this difference as follows : the contingent expenses were reduced by nearly \$10,500.00 and the salaries increased by a similar amount, because several supernumeraries paid out of the contingent expenses and who were *defacto* permanently employed, will be made really permanent officials.

The Administration of Justice is set down at \$375,932.00 ; this is \$24,000.00 less than what was spent last year. This reduction is justified by the fact that they had paid for District Magistrates much more than they would have to pay this year, inasmuch as they had had to pay a part of their annual salary to those who had been suppressed.

One would notice an amount of \$5,500.00 for the inspection of public offices. This included the salaries of the two inspectors, \$3,400.00, and their travelling expenses. He had allowed a considerable amount for there expenses, because the Government had resolved to cause the inspection of public officials to be made in a careful manner, and this inspection had this year produced the most satisfactory results.

The House would notice that only \$15,000.00 are set down for the inspection of schools and not for the salaries of the school inspectors. The Government will in a few days submit a bill that will explain this amount. Instead of paying it away in salaries, it will be employed in premiums to be given to the schools kept the best in each county.

There is an item for \$1,800.00 for the Council of Public Instruction. This is to pay for the travelling expenses of the members of that Council, which expenses had so far been taken from the contingent amount of the Education Department. It will be noticed that there is a considerable reduction in the foreseen expenses for lunatic asylums. They hope to realize this saving by the operation of the law which they had submitted to the House. The reduction will bear on the total number of the inmates, and especially on the number of those left at the expense of the Province. It is only fair that those who can pay for their sojourn in an asylum should not allow the Province to pay for their maintenance.

The Government asks the House for a larger amount than last year for surveying purposes. The sum of \$10,000.00 asked for last year covered all the demands for surveying made last year by the Crown Lands Department before the session. But the session had hardly closed when an unforeseen and considerable colonization movement took place at Quebec and Montreal. To meet the demands of the settlers, the Government was obliged to spend \$10,000.00 more than the amount voted. As the same movement is repeating itself this year, the Government has thought fit to ask for an amount equal that spent during the past fiscal year.

For the cadastres, they would ask \$52,000.00, With that amount they hoped to make out the cadastrage of nearly all that part of the Province that was formerly divided into seigniories.

The last item which calls forth for some remarks is that of \$28,000.00 to refund the taxes paid by insurance companies and brewers. The former of these taxes was declared illegal by a judgment of the Privy Council rendered against the Province itself. This judgment has only caused to be realized what had been foreshadowed by the Opposition

when this tax was proposed by the preceding administration. The amount collected during the existence of the tax was \$80,000.00. But he had reason to believe from information worthy of credence that they would not even have to refund the sum of \$25,000.00 which was claimed. Several Insurance Companies had asked the Government to refund them in a lump amount the taxes they had paid on their transactions. But as the majority had made those insuring with them pay the tax, they had no right to claim any reimbursement. At any rate, it would only be done on production of the cancelled stamps and this would considerably reduce the amount to be reimbursed. One of the best insurance managers of Montreal had written to the speaker a few months ago that he had had great trouble in collecting \$2,000.00 worth of these stamps. The foreseen operations for the current fiscal year are summed up as follows :

Receipts.....	\$2,965,874.62
Payments.....	2,595,661.24
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Surplus.....	\$ 370,213.38

Now, how were they to meet the extraordinary expenses of the next fiscal year? He wished to speak of the expenses for railways, and of the reimbursement of temporary loans,

The following were these expenses :

Reimbursement of the loan for.....	\$500,000.00
“ “ “	270,000.00
Payment of subsidies.....	300,000.00
Payment of works on Government	•
railroads	750,000.00
	<hr/>
	\$1,820,000.00

The following were the resources which they could dispose of :

Amount deposited in bank for rail-		
ways.....		\$597,000.00
Balance of municipal subscriptions..		997,000.00
Bonds of the City of Quebec.....		257,000.00
“ “ Three Rivers...		50,000.00
		<hr/>
		\$1,901,000.00

There was consequently sufficient if these resources could be realized. The only one which might be doubtful consisted in the municipal subscriptions. But now that the railway was about to be completed, it would be doing an injustice to these municipalities to suppose that they would not pay their subscriptions. And they had all the less reason to do them such an injustice, as those with whom the Government had to deal with during the past year had shown themselves well disposed, when they saw that the Government wished to deal frankly and honestly with them.

The speaker concluded thus :—Mr. Speaker, I regret having detained the House so long, but I was desirous of showing that we are not afraid of showing what we have done and what we intend to do. I now propose that you do leave the chair, and that the House do resolve itself into a Committee of Supply.

At 6.15 the honorable gentleman resumed his seat amid loud applause, after a brilliant speech of three hours duration.

The House then took recess.

